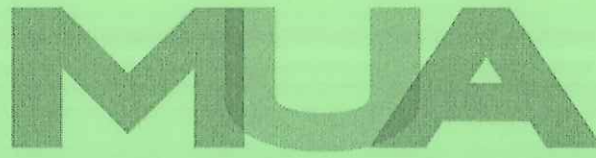


The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

**DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP/
BACHELOR OF COMMERCE**

BML 101/BCM212: BUSINESS LAW /BUSINESS LAW 11

DATE: 30TH JULY 2018

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answers in the Examination answer booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

CONTRACT OF SALE

Parties entered into a contract for the sale of goods by sample, the buyer bought from the seller 100 chests of tea, which were then lying in a specified place. Both the buyer and seller had attained the age of majority and were of sound mind. The buyer expressed his willingness to contract with the seller on certain terms. The seller received the price from the buyer and began the packaging. The buyer thought he was buying the tea contained in the 100 chests, but the seller thought he was selling to the buyer, only tea of the same quality as samples. The tea in the chests turned out to be of higher quality than the samples submitted to the defendants. In the contract the buyer had given the seller a particular description of the chests of tea that he required. He then proceeded to inform the seller of the purpose for which he required his chests of tea and relied on the seller's skill and judgment. The buyer presumed that the tea to be supplied to him would be of merchantable quality. In every contract of sale, the seller has a duty to comply with all conditions and warranties. Unfortunately, the conditions were not complied with in this particular contract and that gave the buyer a right to avoid the contract and in addition to claim for damages.

Required:

- a) With reference to the above case study define a contract (2marks)
- b) Analyze any five essential elements of a valid contract that are highlighted in the contract of sale. (10marks)
- c) Describe a condition explaining five conditions contained in the above case study. (10marks)
- d) Define consideration and state the various types of consideration (3marks)

QUESTION TWO

- a) State the rights of an agent (5marks)
- b) Discuss the requirements of hire purchase agreements (10marks)

QUESTION THREE

- a) Discuss the basic principles of Insurance contracts (10marks)
- b) Explain the characteristics of negotiable instruments (5marks)

QUESTION FOUR

- a) Distinguish between a sale and agreement to sell (10marks)
- b) Describe personal liability of agents (5marks)

QUESTION FIVE

- a) Explain the importance of intellectual property (10marks)
- b) State the disadvantages of arbitration agreements (5marks)

QUESTION SIX

- a) Describe ratification and provide conditions of a valid ratification (10marks)
- b) State the characteristics of a contract of sale of goods (5marks)

